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MUR # 5637

December 17, 2004

**COMPLAINT AND REQUEST
FOR INVESTIGATION**

Federal Election Commission
OFFICE OF GENERAL COUNSEL
999 E Street N.W.
Washington, DC 20463

Re: Request for Investigation

Dear Sir/Madam:

The undersigned serves as general counsel to the Republican Party of Minnesota ("RPM"), a political party (multi-candidate) committee registered with the Federal Election Commission (herein, "FEC" or the "Commission"). This correspondence ("Request") is submitted to the Commission to request investigation of potential violations of the Federal Elections Campaign Act (the "Act"), 2 U.S.C. §441, *et. seq.*

This Request serves as the RPM's written complaint and request for investigation pursuant to possible violations of the Act by 21st Century Democrats, an FEC-registered political committee also registered with the Internal Revenue Service ("IRS") as a § 527 political organization ("21st Century Democrats") and Matthew Entenza. This Request involves a potential contribution to a federal committee in the amount of \$300,000 that has not been reported to the FEC and which contribution constitutes a *significant* violation of the Act's contribution limits to federal political committees.

Commission investigation into this matter is warranted due to the current lack of complete information as to this committee's activities and the actual use of the \$300,000 contribution made by Matt Entenza. Accordingly, the RPM requests that the Commission commence prompt and thorough investigation into these allegations to the fullest extent permitted under the Act.

FACTUAL BACKGROUND

21st Century Democrats is an organization registered with the IRS as an Internal Revenue Code § 527 organization. The activities of 21st Century Democrats encompass both state and federal political campaign activity, including activities within the State of Minnesota, where the RPM is located.

Attached hereto as Exhibit A are several media articles which describe the activities of 21st Century Democrats. In particular, an article in the *Saint Paul Pioneer Press* dated October 14, 2004, entitled

"Big PAC a player in state races" explains the activities of 21st Century Democrats according to its spokespersons. These activities include a significant amount of "federal election activity" and "expenditures" as defined by the Act and FEC regulations interpreting the Act, as indicated by the following excerpts from this article (emphasis added):

- "Wresting control of the state House from Republicans is the group's primary goal, *but the organization also expects to help Democratic presidential candidate John Kerry in a battleground state.*"
- [21st] Century Democrats has two components: a federal political action committee that does extensive direct-mail fundraising and collects most of its money in donations of less than \$200...*The federal political action committee is paying for the registration drive targeting young voters in Minnesota.* The 527 organization is paying campaign workers whom 21st Century Democrats is providing to the DFL Party.
- "One reason we're interested in Minnesota is that a high [Democratic voter] turnout and [Democratic] vote is going to affect, as I said, *the congressional and the Kerry campaigns,*" *Scheibel said.* [James Scheibel is chairman of 21st Century Democrats' board of directors.]

Based on the foregoing, 21st Century Democrats engaged in a significant amount of federal campaign activity, including reportable "expenditures" as defined under the Act. As such, 21st Century Democrats registered with the FEC as a multicandidate political committee on March 18, 2003. (Attached hereto as Exhibit B is a true and correct copy of FEC Form 1, Statement of Organization, on behalf of 21st Century Democrats.)

Representative Matt Entenza is the minority leader of the Democratic caucus in the Minnesota House of Representatives. Pursuant to media reports on December 4, 2004 (see articles attached hereto as Exhibit C), the RPM became aware that Matt Entenza contributed \$300,000 to the 21st Century Democrats during the 2004 election cycle. Because the 21st Century Democrats have registered a state PAC with the Minnesota Campaign Finance and Public Disclosure Board (the Minnesota counterpart to the FEC relative to Minnesota legislative and statewide elections – herein, the "Minnesota CFB"), the RPM initially believed that this contribution would have been disclosed on the 21st Century Democrats' reports filed with the Minnesota CFB¹.

In response to media inquiries relative to this significant contribution, Matt Entenza asserted that his contribution apparently was *not* given to 21st Century Democrats for use in Minnesota legislative races but, rather, such contributions were made "to the young-voter registration drive." (See *Star*

¹Contemporaneously herewith, a complaint and request for investigation has been filed with the Minnesota CFB relative to this lack of disclosure. If the \$300,000 donation was utilized for "expenditures" under the Minnesota Ethics in Government Act, Minnesota Statutes Chapter 10A *et. seq.*, then these contributions should have been reported to the Minnesota CFB. However, these contributions were not reported by 21st Century Democrats to *either* the FEC or the Minnesota CFB (although, as discussed below, the same were reported to the Internal Revenue Service). The RPM believes that investigation by both the FEC and CFB is warranted to determine proper disclosure and whether or not the Act, Minnesota laws or both, were violated by 21st Century Democrats and Matt Entenza.

Tribune article, December 4, 2004, "Entenza reveals \$260,000 donation"; *St. Paul Pioneer Press* article, December 4, 2004, "Entenza, wife gave \$600,000 to [Democrat] groups", copies of which are attached hereto as Exhibit C.) The *Pioneer Press* article states,

Entenza and 21st Century [Democrats] officials insist that [Entenza's] contribution was confined to a Young Voter Project...Entenza on Friday released a photocopy of one of three \$100,000 checks he wrote to the 21st Century Democrats. On the memo line, there is the notation 'Youth Voter.'

As stated above, and indicated in the October 14, 2004 *Pioneer Press* article (Exhibit A), the 21st Century Democrats' "federal political action committee is paying for the registration drive targeting young voters in Minnesota." However, Matt Entenza's \$300,000 contribution to this federal political action committee is *not* reported on 21st Century Democrats' FEC Form 3X, Report of Receipts and Disbursements For Other Than an Authorized Committee. (A copy of which is attached hereto as Exhibit D.) Nevertheless, these \$300,000 aggregate contributions are disclosed on the 21st Century Democrats' Form 8872 as filed with the Internal Revenue Service. (A copy of which is attached hereto as Exhibit E).

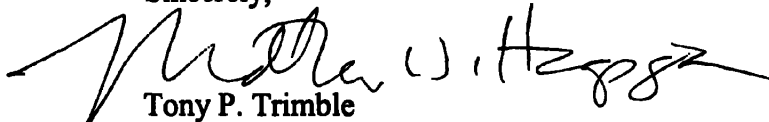
More serious than this reporting violation, however, is the *blatant and excessive* amount by which this \$300,000 aggregate contribution violates the contribution limits under the Act. An individual may contribute no more than \$5,000 to a federal political committee per calendar year. As such, Matt Entenza was limited to contributing only \$5,000 *in the aggregate* to 21st Century Democrats' federal political action committee in 2004 (or \$10,000 in aggregate with his spouse). However, Matt Entenza has admitted in the media that he contributed \$295,000 more than the Act's limits to the 21st Century Democrats' "Young Voter Project" (which, again, is paid for by the committee's federal political action committee as admitted by the committee's officers in the October, 14, 2004 *Pioneer Press* article).

Request for Investigation

Based on the foregoing, the undersigned request prompt Commission investigation of this matter. Compliance with the disclosure and reporting requirements of the Act is the cornerstone of the Act and essential to ensuring free and fair federal elections. Additionally, compliance with the Act's contribution limitations is crucial to ensuring that the electoral process remains as free from corruption and undue influence as possible. The undersigned are ready, willing and able to provide any further assistance the Commission may request on this matter. Thank you.

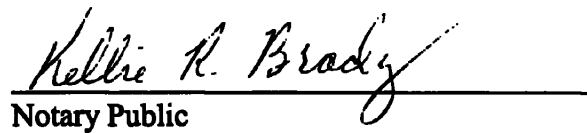
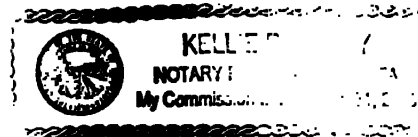
December 17, 2004

Sincerely,



Tony P. Trimble
Matthew W. Haapoja
vmh

Subscribed, sworn to and acknowledged before me by Matthew W. Haapoja on this 4th day of January, 2005.


Notary Public

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